

POSITION OF TALENT MANAGEMENT IN CONTEXT OF ORGANIZATIONAL FUNCTIONS

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Abstract

This paper deals with problem of talent management position t within set of organizational methods a management tools. As the problem of talent management is new , there are many problems with terminology and justification of talent management in context of others management tools , especially in relation to human resource management. Paper presents definitions of relevant terms concerned talent management, relation of talent management to human resource management, and stresses specific role of talent management in gaining of competitive position and presents important tools of talent management. Created is model of talent management with a description of important components of talent.

Keywords: Talent, talent management, talent management model, human resource management

Introduction

The result of many studies and researchers indicated, that talent management has become one of the priorities of the management. The main reason for this importance is similarity of dynamic global, demographical , economical social cultural, and business trends, where scope and speed are creating a significant talent gap. As the gap is widened , it is difficult for organizations to acquire an retain talents to achieve success through the traditional practices of human resource management(Areiqat et. al., 2010). To acquire, retain and develop the talented people is only one way how to obtain idiosyncratic sustainable advantage. This idea is generally accepted, but in the implementation of this idea are many difficulties. This difficulties are arising mainly from following reasons:

- definition of talent and talent management (TM),
- relations between talent management and human resource management,
- missing talent management mindset,
- lack of knowledge aboutt talent management,
- difficulties with effectiveness evaluation of talent management.

The aim of this article is:

- to present and select appropriate definitions related to talent and talent management,
- to clarify the relations between talent management and human resource management(HRM),
- to specify the role of talent management in achieving organization's success ,
- to propose the suitable model of talent management.

Definition concerned talent and talentmanagement

The first issue which should be considered before starting the talent management implementation is the term talent. Organizations and TM professionals need to understand

who they regard as talented people before implementing the talent management policies and practices (Zhang and Bright, 2012). Gaining consensus on the meaning of talent is a foundation of being able to manage talent well.

The term talent is used differently in the organizational practice, see below (Tansley, 2011):

- No use of the term talent in policy or processes and absence of an organizational definition;
- Limited use of the term in policy and processes and emerging understanding of an organizational definition;
- Widespread use of the term in the strategy, policy and processes and common understanding of an organizational definition.

Whilst a number of definitions of talent exist, none of them is widely accepted. Broadly, talent is defined as “a natural ability to do something well” (Longman Dictionary of Contemporary English, 2006). According to Gagne (2000) the term talent designates the superior mastery of systematically developed abilities and knowledge in at least one of the fields of the human endeavor.

Thorn and Pelant (2006) define talent as “someone who has the ability above others and does not try hard to use it. These people excel with easiness and grace. A talented person has a certain aura in his/her ability that others wish to emulate and from which lesser mortals draw inspiration”.

Michaels et al. (2001, p. 3) define talent as “the sum of a person’s abilities, his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgment, attitude, character, and drive. It also includes his or her ability to learn and to grow potential for further development.

To summarize the above definitions the talent is mostly regarded as an innate disposition and ability to do something well in a particular field.

The Chartered Institute of Personnel and Development (CIPD) sees talents as those who can make the greatest difference to the organization’s performance, either through their immediate contribution or in the longer term by demonstrating the highest levels of potential (CIPD-Chartered Institute of Personnel and Development, 2007).

Definition SHRM (Society for Human Resources Management, 2007) defines talent as a core group of leaders, technical experts and key contributors who can drive their business forward. Many other experts hold the same positions and some of them only consider senior managers to be talents. Another exclusive approach is the position-related understanding, which views the right people in the key positions as talents (Zhang and Bright, 2012).

Therefore the empirical evidence showed that many organizations have adopted an exclusive approach, but our experience suggests that a mixture of both approaches may be more appropriate for organizations. As talent is specific in any organization, its meaning should be defined with regard to the context of the organization.

For the purpose of talent management implementations we recommend to define a talented person as “a person of high potential, who stands out as far as his/her knowledge, skills, experience, capabilities and development potential are concerned and who contributes to his/her organization's efficiency increase”. Definition of talent and talent management should be clarified before starting talent management implementation (Egerová et al. , 2013)..

Talent management

Although the term talent management has become increasingly popular and is widely used, it does not have one single, authoritative definition and, therefore, various definitions are being used.

- Talent management as a set of typical personal processes, functions and activities. From this perspective the talent management is considered more or less synonymous with

human resource management or is viewed as a specific area within HR. Talent is viewed as a substitute for HR. Generally, this concept is closely related to the traditional definition of HRM and hence the talent management is mostly associated with typical human resource management practices and activities.

- Talent management is a set of processes aimed at the creation of databases of talents (talent pools). This perspective highlights the concept of ‘talent pools’ and emphasizes the development of talent pools focusing on “projecting employee / staffing needs and managing the progression of employees through positions” (Lewis and Heckman, 2006, p. 140).
- Talent management is closely related to either high-performing or high-potential employees or to talent in general. From this perspective which takes a more general view, talent management has no concern for organizational boundaries or specific positions and it is primarily focused on sourcing, developing and rewarding employee’s talent. Collings and Mellahi (2009) add the fourth stream which emphasizes the identification of the key positions contributing to the competitive advantage of the organization in different ways. The systematic identification of the key positions is at the core of this concept rather than talented individuals per se.
- Talent management is defined as a systematic and dynamic process of discovering, developing and sustaining talent. What works, depends on the context and the way the organization implements the practices. So talent management may be organizationally specific and dependent on the context and could be defined as follows:
- Talent management is a systematic attraction, identification, development, engagement, retention and deployment of those individuals with high potential who are of particular value to an organization (CIPD, 2006);
- Talent management means the implementation of integrated strategies or systems designated to increase the workplace productivity by developing improved processes of attracting, developing, retaining and utilizing people with the required skills and aptitude so that they can meet the current and future business needs;
- Talent management is defined as an integrated set of HR practices or functions, such as recruitment, selection, development and performance appraisal aimed at increasing the capacity of organization (SHRM, 2006; Fegley 2006; Mercer 2005);

Talent management focuses on:

- The appropriate selection of people – talents; but it is not just the selection of the best people but it is the search for the “appropriate material” which is to be dealt within such a way that the long term company strategy is considered;
- Selection of job positions to which talents are to be placed;
- Motivation of talents so that they may perform at their best for their company;
- Development of talent potential with the aim of earning the company as good business results as possible.
- Identifying employees' strengths and areas for their development;
- Preparing talent for executing demanding tasks and problem solving;
- Full and effective utilization of talents in connection with achieving the possible results for organization;
- Engaging talents;
- Measuring the effectiveness of talents;
- Creating career advancement of the individual talents;
- Talent development in connection of extending their knowledge, abilities, skills and competencies;
- Basis for remuneration and care for employees;
- Basis for placing employees and creating their job content;

- Development of leaders and building leadership community;
- Creation of positive working conditions and working environment.

Organizations which continuously support talent management focus on building organizational abilities by bringing talents into the processes and systems. They focus on the development of a high level of awareness and the abilities to support talent management in three groups: the individuals themselves, the line managers, and the professionals in human resources (Ali Taha and Sirková, 2012).

Talent management versus human resources management

The relationships between human resources management and talent management have been frequently discussed in recent years. Confusion between TM and HRRM is one of the reasons, why many organization don't adopt talent management. Many authors argue that talent management is only a new buzzword for old activities. Undoubtedly, there are many similarities between human resource management and talent management. The main HR functions are the planning of human resources, attraction, selection, retention, development and allocation of HR. Many researchers mentioned that talent management has been serving the same function albeit with a different focus. Creelman (2004) defines TM as the process of attracting, recruiting and retaining talented employees.

But there are key differences between HRM and TM (Chuai et al., 2008). TM is talent focused, with a more directed and detailed focus on certain groups of people. TM, unlike HRM, focuses on all staff. One of the differences that should be noted is that the talent management system is integrated with other activities. Egalitarianism, which is typical for HR activities, is acceptable in talent management only with difficulties. Well-proportioned resource allocation, typical for HRM, is not suitable for talent management. On the other hand HRM is more focused on the development of people. Talent management is viewed as a strategic process mandatory for the global strategy (Vladescu, 2012). Talent management supposes the implementation of methods for recruiting and selecting employees, and it also applies methods to scout out talents. The talent mindset implemented in talent management is another difference between TM and HRM.

Company's approach to human resource management is important for the success of talent management. In fact, it is the core of talent management, and so it makes sense that effective processes in all the traditional areas of HRM are an essential part of talent management. Building the employer's brand is an important role of HRM. A positive employer helps to attract the best talents for organization.

Human resources management focuses on all employees, while talent management focuses on "key employees" or "talent" or "top talent". Top talent can be defined as a person "who routinely exceeds expectations while exhibiting the right behaviors and is agile in the learning approach. These are the people whom customers pay a premium and others strive to work with (Morgan and Jardin, 2010, p. 24.).

Human resources (HR) departments can set the stage for success by hiring and training capable employees. But developing such personnel into a team of dynamic, motivated, long term participants in the company's processes must be the responsibility of all management from the CEO to a floor supervisor. TM is a part of HRM

Talent management tools

For the successful implementation of talent management organizations look for some new tools, principles, practices and processes that need to be developed and implemented. By means of these tools theoretical knowledge is transformed into organizational documents and measures to be taken. In the process of the elaboration of principles and practices the organizational context should also be taken into consideration.

Accordance to Stahl et al. (2012) it is needed to differentiate between practices and principles. The best practices are the best only in the context in which they have been designed. The principles have broader application. Practices can be built on the basis of principles in the given context.

The below stated principles have been developed in line with Stahl's findings and completed on the basis of the author's experience.

- a) Involvement of top management in talent management, including the talent mindset;
- b) Definition of talent management in the context of a particular organization;
- c) Linking the talent management strategy with the organization strategy;
- d) Linking the talent management strategy with the HR strategy;
- e) Embedding TM principles in the corporate culture;
- f) Providing internal consistency -integration of TM activities;
- g) Creating and dividing groups of the work positions according to the requirements for talents;
- h) Evolving and implementing TM practices, notably:
 - attracting employees;
 - selecting employees;
 - learning and development;
 - engaging employees;
 - rewarding employees;
 - retaining employees;
 - evaluating TM programs.

On the base of abovementioned principles can be created talent management model , which is portrayed on next page, the figure 1.

Describing of important talent management components.

Top management involvement

The talent management implementation needs to involve managers at all levels, especially the top level management. The talent management mindset must cascade from the top, with the top manager as a driver (Morton, 2005). In accordance with Michaels et al. (2001, p. 54) the talent mindset is defined as a deep-seated belief that having better managers at all levels allows your company to outperform its competitors. It is the recognition that better talent pulls all other performance levers. This belief gives the leaders the determination to strengthen their talent pool and the courage to take a bold action to do it. Leaders who have adopted the talent management mindset understand that this responsibility cannot be delegated. They consider talent management a critical part of their own jobs. Talent management must be the central part of running a company. Companies that practice outstanding talent management have the talent management mindset embedded in the institution.

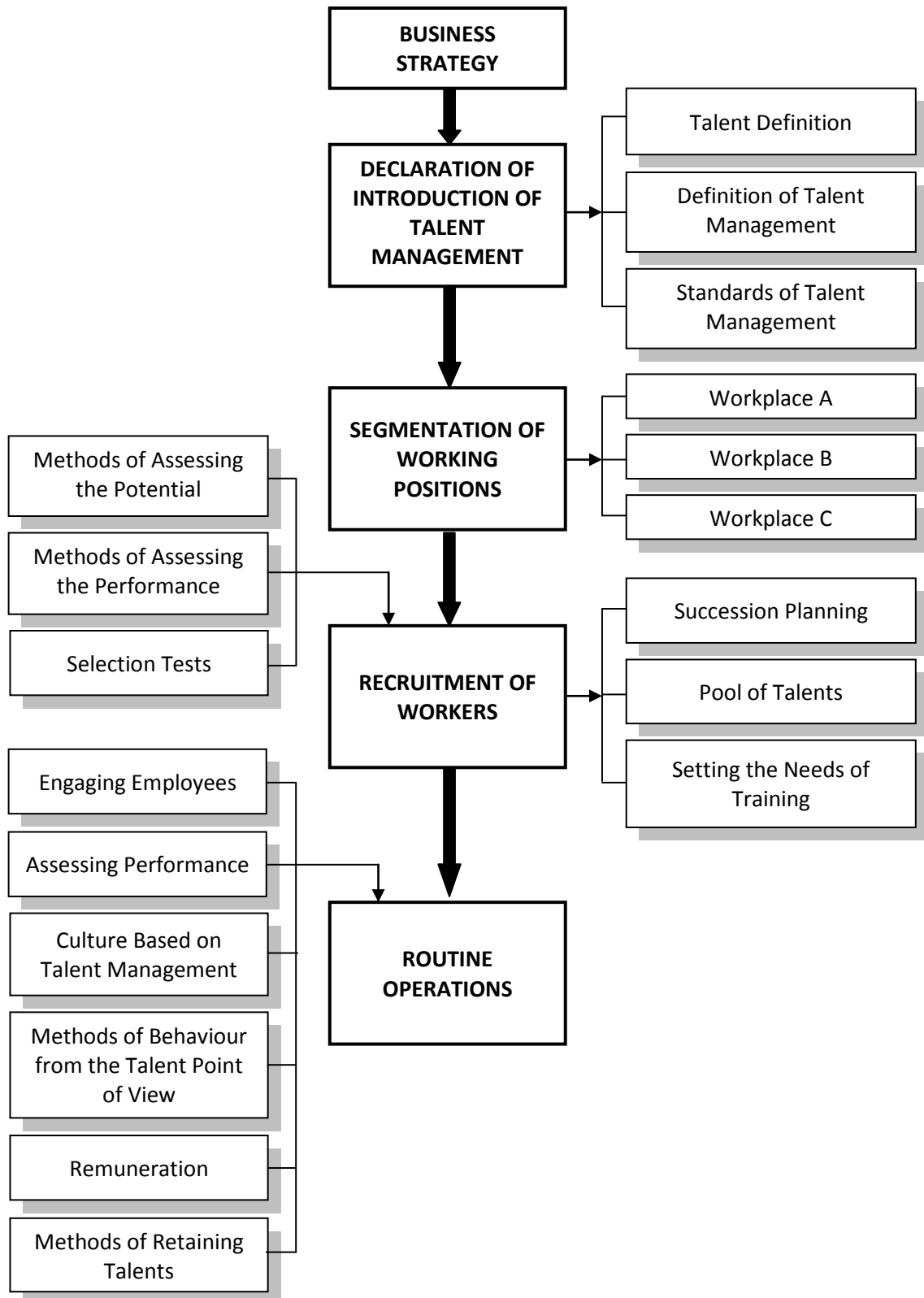


Figure 1: Talent Management Model. Source: own processing

Definition of talent management

Talent management may be defined as a comprehensive, integrated approach spanning the whole enterprise and the employees' entire lifecycle. As has been already pointed out above, the comprehensive definition of talent should be transformed according to

the organizational context. Talent means something else for each organization. Some of the above mentioned definitions can be adopted for a particular company.

Linking the talent management strategy with the business strategy

Creating the strategy of talent management that is based on the organization strategy and is in compliance with it is one of the principal preconditions of effective talent management. Business strategy is the starting point of the talent management strategy. Mutual linking of the organization strategy with the given strategies enables to identify the processes of talent management which are crucial from the point of view of meeting the organization objectives. The right talent strategy starts with the organization strategy and continues by understanding the organization position in the business environment. The business strategy indicates the product to be produced, strategic goals to be reached and the competitive advantage to be won. Talent management should underpin this strategy by attracting, selecting and engaging suitable talents.

Linking talent management strategy to HR strategy

Human resources strategy defines what organization should do and change in the human resources management in order to meet the objectives. The strategy should be formulated in connection with the organization strategy. Formulating the talent management strategy should be done in a similar way. The initial step is, as has already been said, the organization strategy. Similarly as with the previous level, the human resources strategy should be linked with the talent management strategy while the talent management strategy should be formulated in connection with the human resources strategy. The integration of talent management with the human resources strategy may be done in various ways, from applying the philosophy and principles that are the basis of the human resources strategy, through applying various HR systems, up to applying the competency models.

Talent culture

The corporate culture is considered a source of the sustainable advantage. The culture supporting the processes and practices of talent management is a precondition of its successful integration in the organization. All the TM principles must be embedded in the corporate culture. The company has to make deliberate effort to transform all the TM principles in the corporate documents into the training programs for employees. Specifically, it must be included in the search for employees and in the selection process. The transformation should be done by means of incorporating the TM principles into the existing corporate culture. All staff of the organization should be informed about the new or transformed corporate culture. The TM principles should be included in the relevant documents and learning plans.

Internal consistency

The internal consistency or integration of TM components means, that various talent management practices and HR activities, systems and processes are aligned with one another. It is necessary for the individual processes of talent management not to be isolated or independent but to be interlinked to a certain extent at least and also integrated with other HR processes and systems. It is, at the same time, necessary for them to be managed as key processes.

For instance, if the company has accepted the talent mindset, this must be cascaded top-down. All the workplaces must be divided and later organized in separate groups according to the requirements for talented employees. The requirements for talents are estimated by means of job analyses. Then the company must adopt tools for finding the

best talents. Further training will be developed on the basis of the comparison of the real skills present at the workplace. If the organization invested money in the development of employees, measures must be taken to engage and retain employees. To evaluate the efficiency of talent management it is necessary to create evaluation methods for its performance and the system of rewarding.

Key position identification

Key position identification is one of the first activities in the talent management implementation. It is possible to see two main streams of approaches to this problem. One stream (Michaels et al., 2001 and many other scholars) emphasizes the identification of A performers, B performers and C performers. Emerging literature and author hold another opinion consisting in identifying the key work position (Boudrou and Ramstad, 2005; Huselid et al., 2005). This stream proposes that having identified the pivotal position within an organization, the key role of talent management is the development of a talent pool to fill these positions.

Evolving and implementing TM practices

TM practices are evolving from HRM practices. They constitute the superstructure of HRM practices. TM practices are usually elaborated by HRM departments and TM principles and organizational context are taken into consideration. The main practices are as follows:

Recruitment of employees

According to Towers Perrin's study (2005, p. 17), the following factors are considered as recruitment drivers: competitive base pay, work/life balance, career advancement opportunities, competitive benefits, challenging work, salary increase linked to the individual performance, learning and development opportunities, competitive retirement benefits, the calibre of co-workers and the reputation of the organization as a good employer.

Selection of employees

The process of selecting talent is more sophisticated. The requirements resulting from a job analysis are the basis for selecting employees. On the basis of the analysis it is possible to compile the required competencies and the performance indicators. The talent performance and the potential is an important dimension in connection with talent identification. The performance is measured against specific objectives.

The potential expresses future competencies and future performance. It is determined by a combination of the observation assessment and discussion. The potential is difficult to determine because it requires inferring future contribution based on the current data. Talent management requires both the performance and the potential.

There are processes and activities how to define the sources of talent and how to search for them. The requirements for future talents, especially for future leaders depend on the needs of organization and the nature of work.

Talent retention

People are the best assets of each company. In case of the talented people it is even more important. Company should have programs for employees' retention, especially for the talented people. There are many reasons for talent retention. Firstly, talented employees are the competitive advantage against competitors. Secondly, if a company invests money in recruitment, training and development, the money is lost if they leave. Thirdly, talented people represent the knowledge, especially the tacit knowledge which is difficult to share or

to retain in a codified way. The loss of important knowledge can have fatal consequences (Dobrovič,2009).

Similarly, in a situation when the economy faces a temporary decline, each company has to provide three rules to stress the importance of recruiting quality talents during the period of downturn. In these cases it is, firstly, necessary to avoid the lay-off of the key talents at all costs, secondly to guarantee constant recruiting and to ensure that talent channels are open, and thirdly, to maintain the talent development programs.

Employee's engagement

Engagement is very often cited in connection with talent management. Employee's engagement is similar to talent management, but it does not have any precise definition. A talented employee has no value for organization if he/she is not engaged. A definition by Gibbons (2006) is very often cited in connection with engagement. It goes like this: "employee's engagement is a heightened emotional and intellectual connection that an employee has for his/her job, organization, managers, or co-workers that in turn influences him or her to apply discretionary effort to his/her work.

Performance management and rewarding

Organization should implement a performance management system. Strategic goals must be cascaded top-down. Individual key performance indicators and a performance evaluation system have to be adjusted for each employee and a sufficient amount of information has to be given as well. The performance system has to be interlinked with the reward system.

Evaluating the effectiveness of talent management

Currently there are no generally accepted and standardized methods for the TM effectiveness evaluation. Not enough effort has been devoted to find suitable methods, not even from scholars. The problem is that the gathered data on effectiveness tend to be more qualitative than quantitative and therefore more subjective.

In general, there are two possibilities how to evaluate the talent management effectiveness:

- Qualitative methods;
- Quantitative methods.

Qualitative methods are based on the specifications of the talent management practices. Principles for each of the practices will be determined for any required level.

Quantitative methods are based mainly on the estimation of ROI by measuring the expected outcomes and conducting the cost-benefit analysis.

Conclusion remarks

- Talent management is a real challenge for all organizations that do not only want to survive on the market, but they would rather thrive on today's highly competitive business environment;
- A range of factors influences the corporate talent management;
- Organizations need to fit and tailor their talent management approaches to their own context;
- The first step in being able to manage talent effectively is the definition of talent and winning agreement on it;
- There are significant differences in the extent to which talent management is implemented in organizations;
- Companies need to align talent management with their business strategy, HR strategy and the organizational culture;

- Business strategy is the starting point of the talent management strategy. Talent management must be driven by the business strategy;
- Talent management is perceived as part of the company culture. The talent management implementation needs to involve managers at all levels;
- Talent management does not only need the co-existence with other organizational programs and systems but its role is also to support and coordinate them.(Egerová, 2013).

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